

C

Int

THE FEASIBILITY
OF A
COMMERCIAL UNION
BETWEEN THE
UNITED STATES AND CANADA.

Interview with ERASTUS WIMAN in the
"Chicago Tribune," October 5, 1889.

NEW YORK:
314 BROADWAY,
NOVEMBER, 1889.

COMMERCIAL UNION

UNITED STATES AND CANADA

Interview with Erasmus W. Luman in the
"Chicago Tribune," October 5, 1839.

pr
CH
ac
int
be
im
th
eit
sid
an
las
in
bud
na
his
ber
the
"w
as
me
"twe

THE FEASIBILITY OF COMMERCIAL UNION.

[From the CHICAGO TRIBUNE, Oct. 5, 1889.]

NEW YORK, Oct. 3.—[Special Correspondence.]—A representative of THE TRIBUNE recently traveling from Chicago to New York with Mr. Erastus Wiman, and, acting under instructions, secured from him an exhaustive interview on the subject of closer commercial relations between the United States and Canada—a matter the importance of which is daily becoming more apparent to the thinking people of both countries.

Mr. Wiman has perhaps as much as any other man in either country contributed to the growing desire on both sides of the border for closer commercial relations. Born and reared in Canada, he has resided in New York for the last quarter of a century, and, although he has occupied in that city the position of a public spirited and thorough business man, he has not only retained his British nationality, but an ardent admiration for the greatness of his native country and its marvelous possibilities for the benefit of the United States if the customs line between the two countries were obliterated.

“First let me know, Mr. Wiman,” said the reporter, “what opportunities have you had to become informed as to the desire of the Canadian people for closer commercial relations with the United States?”

“Prior to my becoming a resident of the United States, twenty-five years ago, I had an unusual opportunity to

become acquainted with a great many people in Canada. Having been commercial reporter for the leading paper, the *Toronto Globe*, and subsequently Manager of the Mercantile Agency, it was my duty to travel throughout the Dominion, and I thus came in contact with all the leading business and public men of the country. Some indications of the extent of my acquaintance may be judged from the fact that in forty counties west of Belleville, in Ontario, when I left Toronto, I had no less than 2,000 registered correspondents, with all of whom I was on terms of more or less intimacy. Removing then to Montreal, I became acquainted with the merchants of that city and Quebec, and subsequently, to some extent, with those in the Maritime Provinces. Since coming to New York I have maintained a large correspondence with many of these, while, as President of the most comprehensive telegraph system of the Dominion, in connection with the Western Union, and interested in numerous undertakings, I suppose I have to-day a larger personal acquaintance with leading people of Canada than any other Canadian outside of the Dominion. In the meantime it has been my good fortune to make the acquaintance of a great many people of the United States. In the promotion of many enterprises, and in connection with my own legitimate business of the Mercantile Agency, the necessary acquaintanceship has been very large, and I think I can safely say that few commercial men in the country have a wider range of business connections and acquaintances than myself. So that both from a Canadian and United States point of view, I may certainly claim a wide range of knowledge as to the views of the people of both countries."

"Do you believe that the Canadian people, as a whole,

are sincerely desirous of a closer commercial relation with the United States?"

"I certainly do believe," replied Mr. Wiman, "that of all things which a great majority of the Canadians desire, the most important is, that they should have an open market in the United States for their products, and that they should be enabled to buy here in the cheaper manufactures which the United States can furnish and which Canada requires, she at the same time supplying free raw material which the United States needs, and Canada can furnish, such as lumber, coal, iron, wool, fish, copper, potatoes, barley, oats, etc.

"Why do you reach the conclusion that there is such an ardent desire for closer commercial relations?" asked the reporter."

"Well, the experience of the Reciprocity Treaty, which terminated in 1865, was a great object lesson to Canadians. During the ten years of that treaty no country in the world prospered more than did Canada. Everything that she had to sell was disposed of at the best possible prices then prevalent, and to a near-by market, which absorbed with rapidity and profit all that Canada had to spare. The consequence was, that every farmer in the country, every fisherman, lumberman and miner, was benefitted, and throughout Ontario, especially, evidence of this prosperity was seen on every hand, by the erection of substantial farm dwellings, barns, improved roads, and the general thrift and prosperity of the country. If such were the effects in ten years of a free market for the natural products of Canada, sent into a market with consumers only half as numerous as they now are, and with manufactures not nearly so developed as at present, it is easy to foresee that the consequences of an open market

now would be even more advantageous. Those who have thought at all upon the subject believe that no event, in the whole category of events, could occur which would benefit a country so large, with products so numerous, as to have a market so near by, among a people so extravagant, and with means and facilities so ready of access to them. There is hardly an article which the farmer of Canada produces for which there would not be a demand. From the little currants and berries in his garden to the biggest horses which he breeds, the production of every article would be stimulated, and a price realized which would be much more satisfactory than at present."

"Would not this free introduction of agricultural products from Canada be disadvantageous to the American producer of the same article?" was asked.

"No more than would the production of a new State be disadvantageous to the home producer," was the reply.

"The admission of Minnesota into the Union was not hurtful to the average American producer. It opened up a new market for manufacturers, the producers of which in their turn consumed the products of Minnesota. Michigan has contributed more to the wealth of the whole Union than almost any other State. The same objection to the admission of Michigan, its enormous development, and the growth of its commerce, might have prevailed as now prevails against the admission of the commerce of Canada, with possibilities of even greater development, and a larger consumptive demand for manufactures. The development of the south shore of Lake Superior has contributed enormously to the wealth of this country. The success of the Calumet and Hecla Mines has made many Bostonians rich. The growth of productions in

iron has enriched Cleveland and contiguous cities almost beyond estimate. The development of the north shore of Lake Superior, although in Canada, would have an equally good effect if its trade and production were in the hands of Americans, as it might just as well be, so far as mining, manufacturing, and production are concerned."

"You think, then, Mr. Wiman, that there is in Canada a sincere and ardent desire for the breaking down of the commercial barriers between the two peoples. If it were understood that this could only be done by breaking down the political barriers, do you think that desire would be any less forceful?"

"The difficulties in the way of a political union," said Mr. Wiman, "between Canada and the United States are very great, so great that it will take a lifetime to remove them. The best evidence of the lack of desire for a political union is shown that, notwithstanding the repeal of the Reciprocity Treaty in 1865, and in the face of the fact that its repeal was effected with the avowed purpose of forcing Canada into the United States, there was until recently not the slightest indication of a desire on the part of the Canadian people in favor of annexation. On the contrary, from 1865 to 1885,—twenty years,—although the losses from the repeal of Reciprocity were simply enormous, there was not a whimper of discontent. The Canadians, relying upon their own resources, and working for a national development of their own, have absolutely shown less inclination to any political change than they did in years previous to the Treaty."

"Is there not, however, a very considerable party in Canada that really desire annexation to the United States?" was asked.

"There is in some quarters of the country a latent desire

for some political change, and it has been alleged that if a secret vote were polled, there would be a great many people who would vote for Annexation; but that there is any party existing, as such, who favor it, is not the case. Not a single member of Parliament could be elected on that platform, and it would be political suicide to the persons concerned, if any organized attempt were made to force annexation. There is no country in the world in which there is more real political contentment than there is in Canada; and except for the recent agitation in relation to the Jesuit question, and the indulgence in the hope that perhaps annexation would relieve the non-Catholic provinces from what they consider the incubus of Catholicism, there is no real tendency towards annexation. My own opinion is that, if annexation is ever brought about, it will be the result of the growth of a mutuality of interest, based on commercial advantages, which can only be done by breaking down the customs barrier between the two countries. For a hundred years Canada has stood out against the supposed attractions of the American Republic. She has meanwhile learned to take advantage of all the institutions of a free government, and to avoid many of the disadvantages which, in this country, that system of government has produced. Her people are as free to-day as the people of the United States, and having a responsible government, with a majority of the people immediately reflected in Parliament, the will of the people is really more immediately expressed than in the government of the United States. There is no interference whatever on the part of Great Britain. The tie which binds Canada to the mother country is one of pure sentiment. The only visible sign of connection is, that a Governor-General is selected and

sent out by the British government, his salary, equal to that of the President of the United States, being paid by the Canadians. There is reserved by the Imperial government the power to allow or disallow acts of legislation, but this has never been exercised since confederation, and is not likely to be, unless when interests of Great Britain are seriously imperiled. The same rate of duty prevails in Canada on goods imported from England as on those imported from the United States or elsewhere. Not a dollar of Canadian revenue goes to the Imperial government, and not a dollar of Imperial revenue is expended in Canada, except for purposes of defence, and these have now reached very small proportions. The relation between Canada and England, so far as government is concerned, is of the slightest character, while the personal, business, and social relation between Canada and the United States is five-fold what it is between Canada and England."

"How do you account for the fact that the personal, business, and social relationship is so intimate between Canada and the United States, as compared with England?" asked the reporter.

"Simply by this fact," replied Mr. Wiman, "that fully one-fifth of the adult population of Canada are at present resident in the United States; that Canada has contributed to the United States a larger quota in proportion to the population remaining in that country than any other country, and that the amount of money remitted from the United States to Canada, through contributions to those that are left behind, coupled with the amounts paid to Canadian railroads for freight, by tourists, for pleasure, and by direct importation and exportation, amounting to nearly one hundred millions of dollars, the

relation is really more intimate between the two countries on this continent than between Great Britain and her colony."

"Is there much American capital invested in Canada?" was asked.

"The amount of American capital invested in Canada is in very small proportion to the amount of English capital; still, the American capital is constantly increasing. Three-fourths of the lumber manufacturers in Canada are Americans, and the total amount realized for lumber since the repeal of reciprocity by the American government (which perhaps would amount to twenty millions of dollars) has been paid by Canadian Americans, into the American treasury, for use by Americans, and has been no more needed by that treasury than five wheels to a coach. There are quite a number of American manufacturers in Canada, and several of her railroad systems are owned or controlled by Americans; but the bulk of the capital employed in Canada belongs to Great Britain. It is estimated that, including the public debt, the railroad expenditure, the mortgage indebtedness, the bank capital, and the municipal and other bonds absorbed in England, the amount of English capital invested in Canada foots up 650 millions of dollars. This, even at four per cent., would show over 26 millions of dollars as the yearly tribute which Canada is paying to Great Britain, and which absolutely absorbs more than twice the surplus of her wheat crop, which is supposed to be her principal product. England levies this contribution from her colony as she does contributions from all the rest of the world; and this continuous volume of interest which she thus levies accounts for the vast accumulations of capital in London, and for the necessity which exists

that it should be re-invested on this continent as the only repository for its future safety, and its reproduction of profit."

"What evidence have you that Canada wants a closer relation with the United States?" was asked.

"One evidence is the fact that even the Tory government of Canada endeavored to force that connection by a very obsolete interpretation of the Fisheries Treaty. Evidently the object of that interpretation was, to offer as a price for fishing privileges, the admission of free fish into the United States, and also the free admission of raw material, such as agricultural products, lumber, ores, salt, and other articles. But the United States Congress were not to be driven into such an arrangement. The sentiment in The United States against a Reciprocity Treaty on the old line of an exchange of natural products seems well nigh universal, and it is difficult to see how a Reciprocity Treaty of this limited character can be justified. Canada could not possibly absorb anything like the amount of natural products from the United States that the United States would absorb from Canada. The treaty was with difficulty justified, even up to 1865, before the manufactures of the United States had developed to anything like their present state, and before the vast agricultural regions of the West had been as fully developed as now. But with a tremendous over-production in manufactures, and an almost equally great growth in agricultural areas, there could be now no justification for an interchange of natural products only between the two countries. Canada, it would seem, must pay the penalty of her geographical position, situated as she is alongside of the United States, in comparatively the same climate, and producing almost identically the same articles. If she needs a market for

her raw material and her natural products, she must afford a market for the products of the industry which this raw material and agricultural supplies create. Of course Canada would like a re-enactment of the old Reciprocity Treaty, and indeed the policy of the government and of the manufacturers' party in Canada is to wait until the force of public opinion in the United States causes the repeal of the duty on raw material, and on such essential articles as iron ore, salt, lumber, fish, barley, and such other articles. That once granted, Canada would prosper, but there would be no market created for American manufactures, as the *quid pro quo* for the free admission of these articles. A favorable consideration of the commercial arrangement is solely the condition that the men who produce this raw material and these agricultural products should become customers of the United States, and that, so far as trade and commerce are concerned, the people of Canada should be of as great advantage to the manufacturers of the Eastern States as the farmers, miners and producers of the Western States have been."

"How do you propose, Mr. Wiman, to accomplish this plan of interchange of free raw material and agricultural products from Canada on the one hand, and the absorption of American manufactures by Canadians on the other, if there is no political annexation?"

"Well, it is proposed to accomplish it very much the same as in the case of the German Zollverein. Here were a group of States, around every one of which there was a customs line. This they agreed to abolish, and instead of having half a dozen customs lines athwart the country, they simply lifted them up and put them right around the country, and created what is known as a Commercial

Union. There is no difference whatever, so far as trade and commerce are concerned, between commercial union and political union. If a Commercial Union were created between Canada and the United States, trade would be just as free and unrestrained between the two countries as it is now between Illinois and Minnesota, or between Massachusetts and New York. So far as advantages are concerned to the manufacturer in the United States, by the creation of new markets, by supplies of raw material and cheapened food, they would be just as great under Commercial Union as under Political Union. The resolution which was introduced by that able statesman from Illinois, Hon. Mr. Hitt, and which was passed unanimously by the House of Representatives at the close of the last session, opens the way for an inquiry into the possibilities of a Commercial Union. The resolution was in these words:

"Resolved by the Senate and House of Representatives of the United States, etc., That whenever it shall be duly certified to the President of the United States that the Government of the Dominion of Canada has declared a desire to establish commercial union with the United States, having a uniform revenue system, like internal taxes, to be collected, and like import duties to be imposed on articles brought into either country from other nations, with no duties upon trade between the United States and Canada, he shall appoint three commissioners to meet those who may be likewise designated to represent the Government of Canada, to prepare a plan for the assimilation of the import duties and internal revenue taxes of the two countries, and an equitable division of receipts, in a commercial union; and said commissioners shall report to the President, who shall lay the report before Congress."

"The resolution, though it passed the House unanimously, failed by one objection in the Senate. If it should again, however, pass the House of Representa-

tives, and also be enacted by the Senate, it would open the way for an investigation as to whether or not this plan of a Commercial Union could not be made effective."

"Briefly state your conception of the working operations of a Commercial Union?" was requested.

"My idea of the operations of a Commercial Union," said Mr. Wiman, "is that by concurrent legislation, in which diplomacy had nothing whatever to do, a uniform tariff should be adopted both by the Congress of the United States and the Dominion Parliament of Canada. That Canada should agree to always have the same tariff as the United States, and the same system of Internal Revenue. That this tariff should be administered by a joint commission, of which the majority should of course rest with the United States. That the duties collected at the ports of the United States and in Canada, as at Boston and at Montreal, should be precisely the same. That the total sum realized from import and internal revenue duties should be pooled; that the cost of their collection should be apportioned according to the amounts collected; and that the residue should be divided in proportion to population. That there should be no barrier whatever to the trade between the two countries, and no duties collected on the products or manufactures of each. That the only customs line, so far as the continent of North America is concerned, should be right around the continent, and not across it; and that the political barriers, so far as affects trade and commerce, should be unknown. This kind of commercial partnership would accomplish precisely the same, so far as the manufacturer, trader, merchant and banker is concerned, as would political union. My deliberate judgment is that this partnership can be accomplished inside of five years, while the same

result for trade and commerce could not be accomplished by annexation in fifty years.

"What makes you think that the majority of the Canadian people would consent to a Commercial Union of this kind?" asked the reporter. "Do you think, for instance, that they would part with their right to regulate the tariff, and that they would ever agree to admit American goods free, while they continue to charge a high duty upon English goods, a duty the extent of which is to be practically regulated by the American Congress?"

"I admit that it does look improbable," said Mr. Wiman, "that the Canadian people would agree to part with their right to regulate the tariff; but the fact is, there would be very little tariff left to regulate. Moreover, the practical result of Commercial Union, worked out to its legitimate effect, would be that the Canadians would be in a position no more inconsistent than that which they now occupy. For instance, the amount of duty which the United States Treasury collects on Canadian products approaches 6 millions of dollars annually. Nearly all these products are of precisely the same nature as American products, and enter into competition at the price fixed by the American article. The consequence is that the Canadians pay this 6 millions of dollars; they pay it under a tariff regarding which they have nothing to say, and which they do nothing to regulate. Moreover, they pay it into a treasury foreign to themselves, and out of which they get not an iota of benefit. Practically, every man, woman and child in the Dominion is paying \$1.50 a year to the American government. Now, under Commercial Union this duty would be entirely obliterated, the United States would not charge anything on Canadian products, the 6 millions which the Canadians pay

would disappear from the Treasury receipts, and the Canadians would be relieved from the payment of it. Again, the duties which now exist, and are paid by Canadians on all articles that are imported *from* the United States, would also be obliterated. The tariff of duties on these the Canadians now regulate; but if the duties entirely disappeared, the necessity for regulating them would also disappear. The amount of this duty is probably about 12 millions of dollars a year. This being obliterated by Commercial Union, the necessity for the regulation of any tariff whatever on more than one-half the goods now imported by Canada would vanish. But if there were no duties prevailing at all in Canada as against the American goods, while the duties still prevailed against English or foreign goods, there would be an enormous increase in the American output. At present the importations from England by Canada amount to about 50 millions a year. It is safe to say that if there were no duties on American goods this would be cut in two, and the English, French and other importations would be reduced to about 25 millions. It would be on this amount, and this amount alone, so far as Canada is concerned, that she would have to exact any duties, and it would be the regulation of the tariff on this paltry sum of 25 millions that there could be any fuss about. This would be, say even at 30 per cent., about seven millions of dollars. This seven millions is an amount almost equaled by the import duty now paid by the Canadians into the United States, the regulation of which they have nothing to say about. The practical result would therefore be, that so far as regulation of tariff is concerned, she pays as much duty now into the United States Treasury, without regulating that tariff, as she would

then pay into the joint treasury, even admitting that by the minority of her population she would have little or no influence in the regulation of the amount. The position of Canada in this respect would practically be very little different from what it is now. It might be said that if she regulated her own tariff under the Commercial Union, each man, woman and child in the Dominion would have to pay \$1.25 or \$1.75 per annum, as the case might be; while if it were fixed by the United States in the manner proposed, each man, woman and child might have to pay \$1.50. It is just the difference that each government might exact, and would be about the same amount in any case. It is simply the duty of *regulating* what that amount shall be. Certainly nothing would be done in the United States Congress adverse to Canadian interests if the tariff were always to be uniform; for what was advantageous to Massachusetts and Maine would be advantageous to the Maritime Provinces. That which would help New York, Pennsylvania and Ohio, would be good for Quebec and Ontario. All tariff legislation that would contribute to the growth of Minnesota and Montana, would be equally beneficial to Manitoba and the Northwest Territories; while that which would benefit the Pacific Coast could not fail to help British Columbia, equally with California and Oregon."

"You then think the Canadians would really agree to the United States regulating a tariff which should be continental in its application?" was asked.

"Yes; I think they would, because this is the penalty of their geographical location," replied Mr. Wiman. "They have either got to do without the United States market, which is a serious deprivation, and without which their country cannot be developed; or they have

got to part with their political independence, which they would be reluctant to do. The only middle course is that of Commercial Union, and I believe that at the next general election, if the resolution of Mr. Hitt should pass both branches of the National Legislature, and a readiness thus shown for an intimate arrangement, as this resolution calls for, that a Parliament would be elected which would respond to that invitation in terms so pronounced as to eventually result in a Commercial Union, and that within a very short time."

"What makes you think that a Parliament would be elected that should have a Commercial Union complexion?" was asked.

"Well, in the first place, all the recent by-elections have been carried by what is known as Unrestricted Reciprocity candidates. Even in Tory constituencies the revolution of feeling in this respect is very great. Beyond all question, there is a steady tendency in the Canadian mind towards a better relation with the United States. At any rate the experiment might be tried with very little cost to the American people. It would be simply the passage of this resolution of Mr. Hitt's, and an offer to appoint commissioners to negotiate an arrangement for the approval of Congress. Congress would certainly approve a policy which could be shown to be so eminently advantageous to the people of the United States, and equally advantageous to the people of Canada. The main reason why there is hope in Canada for Commercial Union is that the vast majority of the voting power in the Dominion is made up of farmers, their sons, farm hands, and the men dependent on them, such as proprietors of country stores and their clerks, wagon makers, cabinet makers, saddlers, blacksmiths, etc., and the agri-

cultural populace and their dependents generally. These would all be greatly benefitted by an open market in the United States for the products of the farm. The cultivation of these products would be stimulated to double their present extent, especially in the vicinity of manufacturing centres in the United States, in the minor products of the farm, such as poultry, fruits, lambs, oats, potatoes, the smaller grains, etc., in all of which there is more profit now than in handling wheat, beef, and other products exported three thousand miles away, at heavy cost, to Great Britain, there to compete with almost every country in the world. In addition to this large farmer constituency who would be greatly benefitted by a free admission to the American market, are the lumber dealers, who, with their employees, are a solid phalanx to beget a freedom to the only market that is available to them. Add to these the fishermen, whose industry would be greatly stimulated by the free admission of fish; the shipping interests, which would be enormously advanced by the necessary amendment to the coasting laws; and, above all, the miners, who in iron ore, copper, coal, and other products, under existing circumstances, have a practical exclusion from the best market the world affords. All these classes, massed together, would have an enormous advantage by an open market with the United States. To believe that they would for all time deny themselves these advantages for the mere sake of saying or regulating whether they shall be taxed \$1.50 or \$1.75, is to consider an improbability. The question of the regulating of the tariff is a sentimental one. The people themselves, who pay the taxes, have little or nothing to say as to what the tariff shall be on the various articles under existing conditions. Mr. Redpath, the

great sugar refiner in Montreal, has done more to regulate the tariff on sugar which he manufactures, than all the farmers in Canada put together. The men who run the cotton mills make the tariff on cottons, which the farmers consume, and not the farmers themselves. The farmers of Canada are beginning to realize this fact, and at the next general election, *which takes place within two years*, if the United States will simply invite the voters, under the terms of the Hitt resolution, to a consideration of the question of Commercial Union, my firm belief is they will respond by electing members to the next Parliament who will be willing to treat on that question. The advantages are so enormous, the sacrifices are so small, that it seems incredible that the farmers, heavily taxed as they are, with a large mortgage indebtedness, with increasing store bills and steadily declining values, with their productions limited within narrow range, and their future full of uncertainty, will hesitate, if the question is squarely put to them, whether they are willing to obtain all the advantages of the best market the world affords on the one hand, or, on the other, by denying themselves of that privilege, continue to be governed by the local manufacturers for their own benefit."

"You have said nothing as to the sentiment which exists in Canada as to a discrimination against English goods in favor of American wares, which would be the case under a Commercial Union, whereby American goods were admitted free, and those from England taxed."

To this important query Mr. Wiman replied: "It would be a question for the Canadian farmer to decide, whether he is willing to sacrifice himself for the benefit of the English manufacturer. If the cost of getting admission into the American market for his products was the

free admission of American manufactures into the Canadian market, and the exclusion by duty of English goods, there is hardly any question but what the Canadian farmer would prefer his own interest to that of the British manufacturer. Even under existing circumstances, notwithstanding the uniform duty which prevails as against English and American goods, there are more American goods imported than British, while the rate of duty collected is between two and three per cent. less on American goods than on English goods. The reason for this is, that a larger number of goods on the free list are brought from the United States than from England; so that the practical effect of the existing tariff, regulated as it is by the Canadians, is a discrimination against English goods. This, too, without any compensating advantage whatever to Canada, which would result from the free admission of American goods into Canada, as the price for the free admission of Canadian products into the United States. There is a good deal of loyalty in Canada to British institutions and to Her Majesty, but the loyalty does not extend to the personal and individual interests of English manufacturers, to the sacrifice of those of the Canadian farmer. So far as a discrimination against English goods is concerned, it is no reflection upon English institutions, or a loss of loyalty to them, that would induce a Canadian farmer to prefer prints from Providence, duty free, at half the price, to prints from Manchester, against which a duty would be levied, and which would, therefore, be at twice the price. The individual interests of the various classes of British subjects is the question at issue—not the question of loyalty or disloyalty. If the question of loyalty animated the Canadian farmer to the extent which opponents of Commercial Union allege,

^ they would not buy a dollar's worth of American goods, but would confine themselves to eating, drinking and wearing the goods produced by British subjects. As to the question of discrimination, it is true that it would look somewhat anomalous to see one part of the British empire levying a tax upon goods from another part of the same empire, while admitting the goods of a foreign and commercially hostile nation free of duty. But the liberty which England has given to her colony in this respect has already been availed of to the extent that, while the colony exacts a duty on English goods under existing circumstances, she thereby encourages the production of goods manufactured within her own borders, thus discriminating against English goods in favor of her own people. If, by an extension of this liberty, she admitted American goods free, and created markets for her products, in Chicago, Providence, Boston, and Cincinnati and other places, she would be only extending her home market for the absorption of Canadian products, while availing herself of the advantages of cheap productive forces and lessened cost of freight, by absorbing American goods instead of English wares." x

"You, then, think that the question of the regulation of the tariff by the Americans, the parties benefitted being so largely in the majority, and the question of discrimination against English goods, would not prevent the Canadian electorate from returning a Parliament in favor of Commercial Union?" was asked.

"After the most careful and deliberate examination of the subject," replied Mr. Wiman, "its discussion with a great many people in various walks of life, and an acquaintance with the real public sentiment which prevails, not in the newspapers, but among the people at large, my

conviction is, that if the United States Congress will but pass the Hitt resolution, and the question is fairly presented to the Canadian public at the next general election, which will occur within 18 months, a Parliament favoring Commercial Union will be elected; and that, by concurrent legislation, rather than by a treaty with England, the purposes sought by those who seek unrestrained relations between the two countries, will be achieved."

"Suppose your diagnosis is correct, and that a Commercial Union Parliament were elected, and Commissioners appointed to confer with the United States, could this be done without the consent of Great Britain?" was asked.

"Theoretically, no," was the reply of Mr. Wiman, "Up to this time, as I have before stated, England has not exercised her power of disallowance on any Act of legislation by the Canadian Parliament. Even when the tariff of 1878 was enacted, by which English goods, such as cotton and sugar, were taxed almost out of sight, the English government did not interfere. Sir John Macdonald, the leading Tory loyalist of the country, when the question was asked whether British connection would not be imperilled by this discrimination against English goods, and whether Great Britain would not interfere, remarked that if the connection was interfered with, 'so much the worse for British connection.' It is just possible, that inasmuch as the measure enacting Commercial Union proposes that English goods should be taxed and American goods admitted free, that the Governor-General would deem it sufficiently important to withhold his consent, and send the measure to the Imperial government for allowance or disallowance. If the Imperial government, after a full representation by a committee from the Dominion Parlia-

ment, withheld its consent from a perfect freedom of commerce between the United States and Canada, and if there was thus a disposition shown to sacrifice the interests of the Canadian farmer, lumberman, fisherman and miner, for the benefit of the English manufacturer, the case would seem so hopeless to thinking Canadians, that there would be an immediate and rapid growth in the Annexation sentiment, and more would be done by that act of disallowance to sever the tie which binds Canada to Great Britain, than almost anything else that could occur. But the general opinion is that Canada would be allowed to do as she chose in a matter so peculiarly affecting her vital interests, and that England would within a short time consent to the concurrent legislation necessary to bring about a perfect Commercial Union between the two countries. The great advantage of this plan is, that to make it effective requires no treaty, nor diplomacy; that England is not brought at first into the matter at all; but that by a simple act of Canada on the one hand, and the United States on the other, such a commercial partnership is created as will vastly benefit the interests of both countries. At any rate, the experiment might be tried by the United States. The Hitt resolution, if passed, binds them to nothing except the willingness to make an arrangement if Canada provides the necessary facilities for it, and expresses an opinion favorable to it. Neither is Canada bound until these Commissioners report and Congress takes action. The Hitt resolution is simply a step in the right direction, but it is a step full of the greatest significance to both countries."

"Suppose the British Government consented to the arrangement by which American goods were admitted free and English goods taxed, and a market created for

Canadian goods in the United States, what would be the consequences to Canada?"

"The consequences of a free admission into the United States of Canadian goods would be to stimulate enormously the growth of Canada. She would grow with the same rapidity as have the new States, because her development would have the largest scope. In this, beyond question, the American people would participate, and to accomplish it they would be the practical instrumentality. The result would be that in the course of five, ten or fifteen years, a large influx would take place of an American element into Canada, and this would have such an influence upon legislation as to shape and mould the future policy of the country. If at the end of ten or twenty years, annexation was deemed advisable, it could be effected much more readily than under existing circumstances. The advantages of personal contact with the Americans, the enlargement of commerce and trade between the two countries, a more thorough knowledge of American institutions, a participation in their banking facilities, absorption of their capital, and the freest intercourse in social relations, by intermarriage, etc., and, above all, the beneficial results of American energy and American enterprise, upon the latent resources of Canada, would certainly enlarge the chances of a political union if such were then determined upon, so that a Commercial Union may be considered a direct contribution to political union, if that was considered desirable."

"But are there not those who think precisely the opposite—that if Commercial Union were granted to Canada, and all the advantages to her material interests of a union with the United States conveyed thereby, she would not

seek political union; and that in granting Commercial Union political union is indefinitely postponed?"

"Yes, undoubtedly; and I honestly believe that the truest loyalist to British institutions in Canada to-day is the most ardent Commercial Unionist. There is no argument in Canada of any weight whatever in favor of Commercial Union, except the argument of material advantage which would flow from it. If that advantage can be got while maintaining her political autonomy, and avoiding a political complication with this country, there is no argument in favor of annexation. At the same time it might be that the advantages to Canada in the future would develop in such a way as to make it important to her that a political union should be brought about; but the future should be left to take care of itself. Canada will never be forced by the United States into a political union. If she is absorbed and assimilated, it will be the result of a growth of mutual interest, not an indulgence in a retaliatory policy, not the result of conquest nor forcing of any kind. Such an attempt would defeat itself; and the United States do not want Canada bad enough to attach to itself a Poland on the north, or any stretch of territory the people in which are not in entire and hearty sympathy with them."

"In your contact with the business men of the United States, have you met many who are favorable to annexation with Canada?"

"Yes; it is almost the universal sentiment that the annexation of Canada is the right thing; but a very little explanation completely changes the sentiment. When it is pointed out that all the advantages of trade, all the profits therefrom, and all the increased demand for manufactures are created by Commercial Union, with-

out the disadvantage of a Political Union, the business men of the United States, so far as I have met them, take favorably to the former. There are difficulties that would arise in a political union that the Canadian sees, which a resident of the United States does not. For instance, the development of the French Roman Catholic Church in Quebec is a serious consideration for the American people to contemplate, if Quebec is to be admitted as a State. The growth of the influence of that church in Massachusetts, and indeed throughout New England, coupled with the foreign Irish vote, already excites anxious attention. If under annexation Quebec were to be admitted as a State, she would have the right to establish a State church, and as her population is nine-tenths French, and nine-tenths Catholic, she would have an organized force within herself, from which might emanate influences throughout the Union that would create some apprehension. At the period of the cession of Lower Quebec to Great Britain the French population was 70,000. To-day they number in that Province 1,200,000, in the balance of the Dominion 300,000, while in the United States they are estimated to reach 1,000,000, so that there is a total French Roman Catholic population on the Continent of 2,500,000, indicating a growth in the last one hundred and twenty-five years of a most extraordinary character. This growth equals twenty-five per cent. per annum, which, at the same ratio of progression, would in fifty years make a French Roman Catholic population in this country, if Quebec were admitted as a State, of between 15 and 18 million people. If the United States desires to repeat the experiment of the Irish vote, and be practically ruled by a foreign element; and if a union of this class and the French should be effected,

the descendant of the native American might in fifty years become almost politically extinct, so far as influence is concerned. There are other antagonistic elements in Canada, which it would take a long time to assimilate. There are a sufficient number of problems already pressing for solution with the American people, without assuming an additional territory equal in extent to their present area, and taking within their fold a people whose political affinities and education are somewhat different from those prevailing here. If all the advantages of a commercial relation could be got without assuming these political burdens, it would seem the truest wisdom to adopt that policy, at any rate as an alternative or experimental one."

"What advantage would come to the United States from a Commercial Union with Canada?"

"In the first place there would be a market among five millions of people of precisely the same tastes, absorbing the same kind of goods, as in this country. The United States are making strong efforts to extend trade with South and Spanish America. There is among all these nationalities combined a population of 55 millions of people, absorbing at present American goods to the extent of 60 millions of dollars per annum. There is in Canada a population of five millions, who are now consuming American goods to the extent of 50 millions of dollars per annum—a people with the same language, the same laws, the same literature. If by a single act of Congress the tariff of the United States could be made to extend right around the continent, so as to enormously increase the area of her commerce, it would seem to be the wisest policy to adopt. Another great advantage to the United States would be that she could procure in many

articles an abundant supply of free raw material. This is especially the case in iron, from Nova Scotia, and indeed from all parts of the Dominion; coal, coke, wool, lumber, and all kinds of fish, and cheapened food, especially for New England localities. The sacrifice so far as the United States is concerned is very slight. To-day the amount of duty collected by the United States Treasury on Canadian products, nearly altogether on raw material, approaches six millions of dollars per annum. This is at the rate of less than ten cents a head for the population of the United States. For this trivial, insignificant sum, the manufacturers and traders of the United States are shut out of an area of trade almost equal to their own, while many of their manufactures languish because of inability to compete, owing to the tax on raw material. By Commercial Union a great number of important articles could be got from a near-by source of supply; while at the same time the men who produce these articles could be made consumers of American manufactures. A Commercial Union with the greater half of the continent would simply mean an extension of trade as in a new State or Territory, without political complications, without any financial sacrifices worth naming, and with an absolute advantage to all concerned."

"Of course you noticed, Mr. Wiman, that at the recent session in Boston of Mr. Hoar's Committee on Canadian Relations, there were many opinions favorable to a renewal of Reciprocity, while serious doubts were expressed as to the feasibility of Commercial Union. What have you to say to this evidently growing demand for Reciprocity in preference to Commercial Union?"

"If the reciprocity advocated before Mr. Hoar's committee," replied Mr. Wiman, "is that which is to be con-

financed only to natural products of Canada and the United States, on the lines of the old treaty, of course Canada would jump at it. The Tory party, as well as others in Canada, would most gladly accept this, because Canada would thereby secure a boon of inestimable value without the slightest sacrifice, or indeed the slightest return except as affording a free market for a small supply of corn, coal and cotton. The possibility of renewing that kind of jug-handled reciprocity, as it is called, is exceedingly remote, when one recalls the tremendous preponderance of the Western agricultural States in Congress. Nor is the kind of reciprocity advocated before Mr. Hoar's committee that which would confine itself to natural products, but rather that which would include manufactures also. Now, it is all very well to propose a reciprocity in manufactures as well as in natural products, but if the barriers are to be completely broken down between Canada and the United States, how is Canada to get a revenue with which to pay her heavy interest charges and sustain her Government? Certainly, if her markets are to be flooded with American goods under reciprocity, and little or no goods are to be brought in from England or other countries, the import duties realized under her present tariff would yield a sum altogether too small for the expensiveness with which our Canadian friends are governing themselves. Besides this, there would be nothing to prevent Canada from so adjusting her tariff as to admit partially manufactured goods from England, finishing them in Montreal and Toronto, and sending them into this country as Canadian manufactured goods. Certainly when the shrewd American manufacturers begin to understand that the kind of reciprocity advocated before Mr. Hoar's committee will

permit such a possibility, it will have no chance whatever of being offered.

"If Commercial Union were inaugurated, how would Canada get her revenue, which you seem to think impossible to provide under a reciprocity of manufactures?" was then asked.

"Under Commercial Union there would be a uniform tariff right round the continent instead of athwart it. That tariff the United States would practically fix. It would doubtless be jointly administered under a commission, in which, of course, the United States must necessarily have a majority. The revenues of both countries would be put into a common fund, or in other words, pooled, and after the total expenses of collection were paid, the sum would be divided in proportion to population. The same plan would have to be adopted in the collection of the internal revenue. It is true that, according to the existing figures, Canada, under this agreement, would realize a less revenue than she does now, and this because no duties whatever would be paid on American goods, that would then reach her consumers without paying duty, while, in consequence of this freedom from taxation, the consumption of American goods would enormously increase, thus lessening vastly the importations of English goods, now yielding a revenue. But whatever would be the revenue which Canada would realize under Commercial Union, it would certainly always equal *per capita* that of the United States, and if Canada cannot govern herself economically, and as reasonably as the United States, there is something wrong in the administration of her affairs that ought to be righted. When one recalls the fact that under the existing plan of taxation the

national debt has been reduced and a surplus accumulated at which all the world wonders, surely the present equilibrium of taxation maintained would yield to Canada enough to govern herself, if she had *per capita* the same revenue as the United States. If at first her revenues were insufficient, under Commercial Union, to pay her interest or sustain her government, a provision might be made that, say for five or ten years, the average sum heretofore realized from imports and Internal revenue should be maintained out of the general fund; or what is much more independent and just, that she should levy a direct tax upon her own people, in the shape of a stamp act, or some other mode to make up the deficiency. If the Dominion government reduced or entirely ceased to pay her provincial subsidies, it would bridge the difficulty. The Americans could well afford to thus divide the joint revenue according to population with Canada, because what the Canadians lost in the shape of import duty, the American manufacturers would more than gain in the shape of profit from the greatly increased quantity of goods sent into that country free of duty. Commercial Union is not a bargain in which profit is made on one side by loss on the other; it is a commercial partnership in which both partners make a profit, and a profit the magnitude of which no man can tell."

s accu-
present
Canada
he same
revenues
y her in-
night be
um here-
e should
t is much
t levy a
a stamp
ency. If
ceased to
difficulty.
the joint
because
duty, the
in in the
antity of
ommercial
n one side
ership in
he magni-